

LOUISVILLE COMPREHENSIVE REVIEW COMMISSION MINUTES

Friday, April 14, 2023
3:00 p.m.

I. CALL TO ORDER:

Co-Chair Jones called the meeting to order at **3:10pm**.

This meeting was held pursuant to KRS 61.826

II. ROLL CALL:

Present (13): Co-Chair Rep. Jason Nemes
Co-Chair Earl Jones
Senator Gerald Neal
Senator Julie Raque Adams
Senator Mike Nemes
Rep. Ken Fleming
CM Jecorey Arthur
CW Cindi Fowler
Marianne Butler
Shelby Williams Somervell
Scott Shoenberger
Mayor Bonnie Jung
Chief Sean Dreisbach

Absent (2): Rep. Pamela Stevenson
CM Anthony Piagentini

Attendees: Dr. Paul Coomes
Professor Bill Hoyt
Professor Matthew Ruther

III. Consultant's Report on Tax Revenues:

- Dr. Coomes provided an overview of the local government revenues in Jefferson County
- Objective: Compile Revenue Data & allocate it geographically through the county
- Primary Revenue Sources:
 - Occupational taxes
 - Net profits taxes (Metro & 4 Suburban Cities)
 - Property taxes (real estate, personal, motor vehicle)
 - Insurance Premium taxes (Metro & suburban cities)
 - State Road Fund sharing
 - other Intergovernmental funds
- Jurisdictions:
 - Metro Government (Countywide)
 - Urban Service District (USD)
 - Suburban Cities
 - Suburban Fire/EMS Departments
 - Unincorporated Area
- Revenue Commission does not collect data to identify the location of the payers, meaning they cannot provide data to state where employees live that are providing the occupational taxes
 - Dr. Coomes has modeled this data using unemployment insurance data that provides information on where that person works/lives
- Louisville Water Company, Metropolitan Service District, TARC & other countywide agencies are included in Metro's finances

Executive Summary:

- **Stacking:** Louisville Metro stacks their property & occupational taxes
 - Property Taxes: Meaning USD property owners pay both the USD & Countywide property tax
 - Occupational Taxes: Meaning Jtown employees pay 1% occupational tax for Jtown, plus the 1.25% for the County and the .20% TARC tax
- **Insurance Premium Taxes:**
 - All Suburban Cities levy insurance premiums tax at about 5%
 - 38 small cities & the USD also tax health insurance premiums

- **Comparing Public School Taxes & Municipal Taxes:**
 - JCPS/Public Schools receive as much in local taxes as all other jurisdictions combined (\$840 million)
- **Road Fund Revenue:**
 - Jefferson County & urbanized areas of KY disadvantaged by KY Road fund revenue sharing formula dating back to the
 - Sends disproportionate level of funding to rural areas since 1948
 - 4/5ths of the formula is dedicated to rural road miles. Dominate over urban
- **HOA's Provide Municipal-Like Services** (Garage, Street Lighting)
 - 600+ HOAs, most providing some level of services through dues
- **Population 2020:**
 - Urban Service District: 246,000
 - Suburban Cities: 150,000
 - Unincorporated Area: 387,000
 - Co-Chair Nemes explained that when applying for Federal Grants the Suburban Cities are removed from the city's population. Only the Urban Service District (Former City of Louisville) and the Unincorporated Area (Former County) are summed.
- **Revenues:**
 - Total \$2.2 Billion
 - Metro Government revenues are 20 times the combined amount of suburban city revenues
 - This includes:
 - \$202 million in Water
 - \$329 million in sewage
 - \$99 million in TARC
 - Tens of millions in Federal & State Funds
 - Suburban Fire Districts revenues are greater than suburban cities revenue
 - Occupational Taxes generates ~\$440 million last fiscal year
 - Property Taxes generate ~\$250 million
 - Road Fund ~\$20 million
 - Insurance Premiums ~\$65 million

- Co-Chair Jones states his desire for an apples to apples comparison that only shows what small cities & Metro charge their constituents and for what services.
 - Marianne Butler agreed and explained that TARC monies are in and out from the Revenue Commission, they are not truly a part of the city's revenues.
- **Sources of Revenue:**
 - Metro Government - \$1.98B
 - USD = \$416M
 - Suburban Cities = \$288M
 - Unincorporated = \$695K
 - Outside of the County = \$580M
 - Urban Service District = \$82M
 - \$82M = Property Taxes + Insurance Premium Taxes
 - Pays for Fire Dept, Street lighting, Garbage Collection
 - Suburban Cities = \$98M
 - USD = \$5.4M - Monies paid through occupational taxes to Suburban Cities that live in USD
 - Suburban Cities = \$60M - Income from residents
 - Unincorporated = \$10M
 - Outside of the County = \$23.7M - those living outside of the county but paying occupational taxes
 - Suburban Fire = \$107M
 - USD = \$12K
 - Suburban Cities = \$33M
 - Unincorporated = \$72M
 - Outside of the County - \$2.3M - State Grants
 - Discussion surrounding 4 Fire Districts that need to provide additional finance information to Dr. Coomes
 - Chief Dreisbach stated he would get that information to Dr. Coomes

Discussion:

- Rep. Ken Fleming referred to page 30 of the full presentation. Dr. Coomes clarified the Revenues & expenditures of the USD
- Marianne Butler discussed Louisville Fire provides Arson services to the entire city free of charge

- Butler & Mayor Jung spoke briefly about the 109 board and Public Works, Butler clarified that Public Works spends millions on illegal dumping and the 109 Board does not have employees/personnel to clean up illegal dumping. Dr. Coomes asked that conversation be delayed until Services and gaps could be discussed next month
- CM Arthur asked whether Dr. Coomes intended to look at income data based upon address or smaller geographies. Dr Coomes stated Matthew Ruther provided Census block income data at the last meeting but income data is not available smaller than by Census blocks. A census tract is 4,000 people/2,000 households.
- CM Arthur spoke to the concerns about the dichotomy of where people live vs. where people work and his concerns that high incomes are not present in certain areas if you work where you live. Dr. Coomes explained his study is not an accounting audit; he can only provide metrics for the data that exists.
- CM Arthur asked what percentage of Metro Agencies does Dr. Coomes have expenditures for?
 - Dr. Coomes stated he expected 50% with MetroSafe's various departments (Fire, EMS, LMPD, Etc.)
 - Corrections keeps paper records instead of digital - CM Arthur states there is a dashboard that Corrections has been working on for quite some time
- Co-Chair Nemes is concerned that we get the Urban Service District deficit numbers correct to specifically identify how much the entire county is subsidizing the USD through the General Fund. He is also concerned about the cost to the Suburban Fire/EMS for going into the USD, as it is mostly onesided as Suburban Fire goes into the USD a lot but USD Fire only goes into Suburban rarely. Nemes wants it clear to understand if the USD is being subsidized by non-USD tax dollars.
- CM Arthur wants to understand how lights funded by Council in the USD are funded after the initial 5 year lease. Whether the lights are turned off or if they continue, who pays the cost?
- Dr. Coomes intends to provide information on MetroSafe's LMPD runs, EMS runs, Fire runs, street paving & libraries by the next meeting.
- Dr. Coomes recommended bringing in the Directors to discuss the nuances of each Metro department (i.e. Public Works (Local, State, Federal roads/cost sharing), SWMS (illegal dumping), Louisville Fire

(arson services). Wants to ask Directors to be available at meetings to answer questions in real time with the Commission.

IV. COMMITTEE REPORTS:

- No Committees were reported upon.

V. NEW BUSINESS:

- No New Business was discussed

VI. ADJOURNMENT:

Co-Chairs Nemes & Jones adjourned the meeting at **4:39pm**.

This meeting was held pursuant to KRS 61.826